

REVENUE LAWS AMENDMENT BILL 1993

EXPLANATORY NOTES

Clause 1 cites the short title of this Act.

Clause 2 provides for those amendments which are to commence or to be taken to have commenced on dates other than the date of assent.

Clause 3 provides for amendment to the *Debits Tax Act 1990* as set out in Part 2 (Clauses 3-4). Part 2 commences on 1 January 1994 (see clause 2(3)).

Clause 4 increases the rate of debits tax payable per debit by 10 cents.

Clause 5 provides for amendment to the *Land Tax Act 1915* as set out in Part 3 (clauses 5-13). Part 3 commences on 29 June 1993 (see clause 2(1)).

Clause 6 replaces the definition “exempt proprietary company”.

Clause 7 replaces the provisions in the Land Tax Act which currently provide for —

- . the statutory deduction for individuals (other than absentees and trustees); and
- . a deduction and exemptions for land used solely for the business of agriculture, pasturage or dairy farming.

The changes relate to the latter deduction and exemptions. A deduction will apply to the unimproved value of the land (or part of the land) owned by a qualifying owner used solely for the business of agriculture, pasturage or dairy farming. Current qualifying criteria regarding persons using the land have been omitted. Land, whether owned directly or indirectly through a trust or a series of trusts, by absentees and companies (other than exempt proprietary companies) will not qualify. Specific references to agents and nominees have been omitted as agents and nominees are already trustees under the Land Tax Act. Section 11(6A) has been amended to clarify that

its application is to individuals (other than absentees) and not to companies and to adjust a cross reference.

Clause 8 repeals sections 11A and 11AA.

Clause 9 adjusts a cross reference.

Clause 10 adjusts a cross reference.

Clause 11 adjusts a cross reference.

Clause 12 omits the exemptions from land tax for land used for the business of agriculture, pasturage or dairy farming (see clause 7).

Clause 13 retains the operation of the *Land Tax (Adjustment) Act 1989* for the year commencing 1 July 1992 and previous financial years to which the Act applied.

Clause 14 provides for amendment to the *Pay-roll Tax Act 1971* as set out in Part 4 (clauses 14-17). Part 4 commences on 1 January 1994 (see clause 2(3)).

Clause 15 amends the definition of “wages” to include, among other things, wages paid or payable to, or in relation to, an employee as an employee or applied for the employee's benefit and fringe benefits. The clause also defines “fringe benefit” and provides associated definitions. Section 3(2) which deems the value of meals and accommodation provided by an employer is omitted and the new section 8A will apply to such benefits (see clause 16).

Clause 16 provides for what is to comprise the value of taxable wages that are paid or payable in kind or that are fringe benefits under the *Fringe Benefits Tax Assessment Act 1986* (Commonwealth).

Clause 17 inserts the new sections 51 and 52. Section 51 replaces the current regulation making section with a shortened provision, in accordance with current drafting practice, and adds a specific regulation making power in relation to the application of the Act to fringe benefits and what is to be included in returns as the value of such benefits. New section 52 provides that fringe benefits are not to be included in a return in respect of the month of December 1993.

Clause 18 provides for amendment to the *Stamp Act 1894* as set out in Part 5 (clauses 18-25).

Clause 19 omits section 36 which defines “Bill of Exchange” as duty on such bills will not apply from 1 January 1994 (see clause 25(1)). The new section 36 exempts from stamp duty certain orders for payment of money which currently attracts duty at 10 cents. This clause commences on 1 January 1994 (see clause 2(3)).

Clause 20 omits sections 37 to 42A, effective from 1 January 1994 (see clause 2(3)). These sections are relevant to stamp duty on bills of exchange and promissory notes.

Clause 21 amends section 42B(3)(a) and (b) to replace references to stamp duty payable on bills of exchange payable on demand with references to 10 cents. This clause commences on 1 January 1994 (see clause 2(3)).

Clause 22 amends section 55A. The replacement definition of “prescribed first principal place of residence” adds an additional criteria that the value of the whole of the property acquired is not to be more than \$160,000. “Relevant rebate” is defined. See also clause 25(2) for the application of the rebate to purchases of prescribed first principal places of residence.

Formulae in section 55A are altered in so far as they apply to the value of a principal place of residence in excess of \$250,000, the value of the property not attributable to the principal place of residence and value attributable to those interests which are not acquirers' interests. These alterations correspond with changes in clause 25(2) to the calculation of duty on that part of value which does not qualify for the concessional rate. The method of calculation of duty on the acquisition of partial interests only in principal places of residence is specified in new section 55A(2AB). Associated amendments are in sub-clauses (16) - (18). Sub-clause (15) amends section 55A(2F) to effectively remove the relevant concession for land acquired from the date of assent.

Clause 23 replaces section 83 relating to the making of regulations for the purposes of the Stamp Act and removes specific regulation making powers in relation to stamp duty on bills of exchange. This clause commences on 1 January 1994 (see clause 2(3)).

Clause 24 inserts new section 86 to ensure that renewals of legal liability insurance policies in respect of a trailer before 1 December 1993 are subject to the \$2 limit.

Clause 25 amends Schedule 1 to the Stamp Act.

Sub-clause (1) omits the heading and provisions under the heading, “BILL OF EXCHANGE OR PROMISSORY NOTE”, with effect from 1 January 1994 (see clause 2(3)).

Sub-clause (2) amends the provisions under paragraph (4)(a) under the “CONVEYANCE OR TRANSFER” heading. It —

- replaces the provisos relating to stamp duty on the acquisition of prescribed principal places of residence and prescribed first principal places of residence;
- restricts the concessional rate of 1% in respect of acquisition of a prescribed principal place of residence to the value of consideration up to \$250,000;
- provides for a reduction in duty for prescribed first principal places of residences by the relevant rebate; and
- provides for a new basis for calculating duty on the balance of the value of consideration which exceeds \$250,000 or is not attributable to the principal place of residence.

Sub-clause ((3) provides for duty under paragraph (4)(b) under the “CONVEYANCE OR TRANSFER” heading to correspond with duty under paragraph (4)(a) as amended in sub-clause (2) under that heading except in so far as prescribed first principal places of residence are concerned.

Sub-clause (4) provides for paragraph (4) under the “POLICIES OF INSURANCE” heading not to apply to policies other than renewals, with the result that duty under paragraph (8) applies to such policies.

Sub-clause (5) omits paragraph (4) under the “POLICIES OF INSURANCE” heading, as amended under sub-clause (4), with the result that duty under paragraph (8) will apply to relevant renewal policies. This clause commences on 1 December 1993 (see clause 2(2))

Sub-clause (6) amends paragraph (6) under the “POLICIES OF INSURANCE” heading. Legal liability insurance in connection with a trailer, where the trailer is covered by a policy of insurance in connection with a particular motor vehicle will be dutiable at 5% (the rate applicable to motor vehicle insurance). Subject to clause 24 in respect of renewals, this clause commences on the date of assent.

Clause 26 provides for the repeal of the *Land Tax (Adjustment) Act 1989* and Part 3 of the *Land Tax Legislation Amendment Act 1991*. This clause commences 29 June 1993 (see clause 2(1)).